

SPECIAL JOINT COMMITTEE ON EDUCATION

April 20, 2021

4:00 p.m.

Chairman Beaudry called the meeting to order.

Chairman Beaudry stated due to the COVID-19/Coronavirus crisis and in accordance with Governor Sununu's Emergency Order #12 pursuant to Executive Order 2020-04, this Committee is authorized to meet electronically.

The Clerk called the roll.

Present: Alderman Long, Terrio, Shaw and School Committee Members
Beaudry, Want, Perich (late)

Messrs: K. DeFrancis, J. Goldhardt

4. Discussion regarding the school district's FY22 budget.

Karen DeFrancis, Chief Financial Officer, stated let's start with tax cap calculation. I am sure you are familiar with how this is formulated but let's go through the actual calculation. We received this from the City Finance Director Ms. Wickens in January. It is based on the average CPI for the last three years. The FY22 tax cap on the budget process is 1.87%. When you take the 1.87% and apply it to our appropriation calculation you have to look into two areas - revenues and expenditures. That is because the tax cap language is on both revenues and expenditures. In looking at the revenue side of things, our current year appropriations are \$183 million. When you apply the 1.87% tax cap on our tax revenue it is \$108 million. So again our appropriation this year is \$183 million but

we collect taxes of \$108 million to help fund that. Applying the 1.87% to the taxes collected this year we would bring in an additional \$2 million in tax revenue next year. We did, however, see a decrease in other revenues of about \$12 million. We did expect \$7 million of that to be reduced due to the one-time funds we received from the state for adequacy in FY21. Twelve million is a big number but we were aware that \$6.7 million was going to be reduced due to the one-time fund in FY21. The other \$5.2 million is due to our lower enrollment as well as our free and reduced lunch being lower than normal. This is due to COVID and having all of our students on universal free lunch. If we were to bring in an additional \$2 million in tax revenue with a \$12 million decrease in other lines, we would be looking at a \$10 million. When you apply that shortfall to our current appropriation of \$183 million, it brings you to a tax cap budget next year of \$173 million. That is looking at it from the revenue side. We will also look at it from the expenditure side. If you were to apply the 1.87% on the appropriation of \$183 million, you would be able to increase your expenditures by \$3.4 million bringing the total budget to \$186 million. Keep in mind that we don't have the revenues to support that. The tax cap looks at both revenues and expenditures.

Alderman Terrio asked are you facing a \$7 million shortfall in the budget going into next year.

Ms. DeFrancis replied yes and I will jump into that on the next page. Later in the presentation we have a schedule on how we plan to address the \$7,400,000 shortfall.

Alderman Long asked was the \$183 million appropriation actually spent in FY21

Ms. DeFrancis replied our appropriation from the aldermen was \$183,000,000. We will not be spending all of that. At our last Finance Committee meeting, we

showed a surplus of \$4 million (\$2 million in our health insurance line and \$2 million in two other line items. This could change by year end now that kids are going back to school. We are seeing that surplus because we were remote/hybrid for the majority of the year.

Alderman Long asked is the calculation not what was spent but was appropriated.

Ms. DeFrancis replied correct. Now let's look at the FY22 expenditure analysis. We had one-time spending funds so we are not going to start our FY22 budget process with \$183 million. Looking at our FY21 appropriation of \$183 million, we knew that we had one-time funds from the state of \$6.7 million. These were spent on one-time expenditures. We wouldn't expect to need that additional amount next year and we knew we wouldn't have the revenues to support it. Our revised FY22 budget decreases to \$176.3 million. There is an FY22 retirement increase at the state level that will cost the district about \$2.6 million. All other increases and decreases net to \$1.5 million. If we were to keep all the same staffing and programs, that brings our needs budget to \$180.5 million in FY22. Looking at the tax cap, both revenues and expenditures, we had to submit a tax cap compliant budget which was \$173 million. We are looking at a shortfall of about \$7.4 million that we will talk about later. To sum it up, the shortfall of \$7.4 million is made up of increase in state retirement of \$2.6 million, a reduction in adequacy aid for fewer students of \$1.2 million, and the adequacy aid reduction for our lower free and reduced lunch by \$4 million. That is the shortfall of \$7.8 million that we are looking at going into this budget process. If we were to get the tax cap increase of \$2 million, we would use that to offset our other increases/obligations. This would bring the \$7.8 million shortfall down by about \$400,000 bringing the shortfall of \$7.4 million.

Alderman Long asked is the \$3.5 million that wasn't appropriated by the aldermen being used.

Ms. DeFrancis stated the aldermen did not appropriate the \$3.5 million but we still received that money from the state. What happened is we asked for the entire amount the State was giving us, including the tax cap increase on our revenues of about \$2 million last year. By the aldermen not giving us the entire appropriation we asked for, the taxes were not increased. We still got the money from the state because we don't have a choice. The state gives us that money and we have to show that as received. It impacted the tax revenue that was received on behalf of the school district. It was a very slight increase.

Alderman Long asked is that included in these appropriations.

Ms. DeFrancis replied yes.

Alderman Long asked is the \$3.5 million sitting in the one-time use funds.

Ms. DeFrancis stated not really. The aldermen did not appropriate to us a tax cap increase. We received all the money from the state but haven't received our portion of the tax cap increase.

School Committee Member Want stated I believe I have the same question as Alderman Long. Of the \$6.748 million that is labeled as less use of one-time funds, what money is that then?

Ms. DeFrancis replied that is the money from the state; the adequacy aid. They included one-time funds of \$6.7 million. We were allocated the money but

because we were not getting the tax cap revenue we asked for of \$2 million, we didn't get the full allocation.

School Committee Member Want stated I still don't understand. The \$3.5 million that was not given to us from the one-time money the state gave us is being counted against us?

Ms. DeFrancis responded that money is not. We have to record that as being received because the state gave us that money. It's the fact that we did not see a tax increase on the school district side. In next year's budget we can be allocated 1.87% which will give us an additional \$2 million. For the budget we are in right now, the aldermen did not give that to us.

Chairman Beaudry stated we have to keep the revenues on our books. The aldermen didn't override the tax cap in order to give us the revenues from the taxes to the school district. They kept that portion of the money but we still have to put it on the books; the revenues from the state. If they did override the tax cap and gave us the revenues from the taxes, we would have got an additional amount of money right?

Ms. DeFrancis stated yes it would have been around \$2 million.

School Committee Member Want stated I am still confused. It appears to me that the \$2 million is buried in the \$6.5 million. It looks to me like this is being counted against us. I know I must be missing something here.

Ms. DeFrancis stated when the aldermen gave us our appropriation of \$183 million, we knew that within that number there was \$6.7 million we would not see again next year. So when looking at our expenditures of \$183 million, we need to

basically utilize \$6.7 million on just one-time expenditures. We knew we would not see that \$6.7 million again.

Chairman Beaudry stated the \$6.7 million was received in this budget. We knew we wouldn't see that in the FY22 budget so she is taking it out of the bottom line from the get go. We can't use it anymore because they were one-time funds.

School Committee Member Want asked so we actually received the \$6.7 million and were allowed to spend it.

Ms. DeFrancis replied yes we received all the money the state sent us. Because we were getting state money, the aldermen did not allocate us a tax cap portion last year. If you look at school taxes for this year, you will see a very small increase of about \$400,000. Basically we received all that money but we didn't receive a tax increase. Had we received a tax increase, our spending would have been \$185 million and not \$183 million.

School Committee Member Want replied ok. So they backfilled the tax cap money with the one-time funds from the state and that is why our operating budget didn't increase last year?

Ms. DeFrancis answered it increased but not by the amount that we asked for. We wanted the money from the state as well as the tax cap increase on the school district side. We have a plan to spend both portions of that. Since we did not get the tax cap portion we had to reduce some of our expenditures. Had we had that tax cap portion we would be looking at a higher budget right now of \$185 million as a starting point.

Chairman Beaudry interjected so this \$6.7 million is the \$2 million that we didn't get from the aldermen plus the one-time money from the state that we can't utilize against this year.

Ms. DeFrancis replied no. The \$6.7 million comes from the state for true one-time funds. We cannot use this on operating expenses because we will not see it again next year.

Chairman Beaudry asked are there any other questions. You guys will need to explain this to the other aldermen. I know it doesn't get easy when you're dealing with three different pockets of money.

Ms. DeFrancis stated looking at both the revenue side and expenditure side and saying in FY21 we had a \$183 million appropriation and in FY22 the tax cap number is \$173 million, we have a \$10 million decrease. Where are we going to see these decreases? The revenue side is mostly because of the adequacy aid that we just talked about, the \$6.8 million in one-time funds. So the adequacy aid is a \$12 million decrease, the \$6.8 million is because of the one-time monies we just talked about, the \$1.2 million is due to having fewer students, the \$4 million is due to the difference in aid in the free lunch program. Due to COVID, all the students were on universal free program so applications did not have to be filled out. Our free and reduced cap is appearing lower than it typically would be which is costing the district \$4 million. I know there is legislation at the state level that they are talking about but we haven't received any final word if we are getting any money. So as of now we are saying we will lose \$12 million in adequacy aid. Our building aid did increase slightly. The state commitment is on the older projects and we will receive an additional \$135,000. The tuition from our sending towns is decreasing. This year we have 63 students and next year Hooksett plans on sending 39. We are losing about \$477,000 in our operating tuition. Candia has

phased out the current year we are in and they have paid their final capital tuition of \$101,000 that we won't see next year. We are looking to bring in \$200,000 in impact fees. We have about \$900,000 in that account and we have six years to spend it otherwise we have to return it. Our Medicaid revenue is expected to increase with a new vendor up to \$200,000. We have a small increase of \$43,000 in all our other small miscellaneous revenues. In these calculations, we are assuming we will get the tax cap increase from the aldermen of 1.87% equaling \$2 million. Adding all those numbers I just talked about reflects the \$10,000,000 shortfall in our revenues. If you were to look at the expenditure side, our salaries are actually decreasing due to our current staff. We have 45 teachers retiring as of 12/31/21. The data from this time last year shows 27 teachers and we are seeing more retirements. That data was as of 12/31. As of today we have 54 teachers. Within this budget we are saying we would replace those retirements but we would replace them at a lower salary. Most of the teachers retiring are on the higher end of the salary schedule and new teachers would fall on the lower end. This does not include any COLA's that have been negotiated in the collective bargaining agreements. We also have a reduction of three teacher professional development days. As part of the \$6.7 million, we added three professional development days for teachers. This also shows a reduction on the salary line. The teachers are currently paying 85% for the HSA. Next year starting July 1 they will be paying 82.5%. We have fewer people enrolled in the plan which is also saving us money. The retirement side has already been talked about. The state increase for teachers, administrators and principals is causing the district an additional \$2.6 million and we project a rate for the city retirement which includes the school support staff of \$145,000. This is an estimated 5% increase. We will see a reduction in our FICA and retirements because of the salary reduction equaling about \$500,000. All of our other benefits are decreasing by about \$500,000 as well. The Special Education staff line is expected to be lower next year by about \$1 million. Our city services line has increased 1.87% in

accordance with the tax cap. We have reduced it for the crossing guards and moved it to our salary line. We reduced the city service line by \$77,000. The supplies, books, and equipment line has a big reduction by \$1.5 million. This does not mean we are cutting books and supplies. In FY21 we spent some of the one-time funds on books and equipment so we are reducing it this year. Transportation for the MTA has a rate increase that will cost us \$282,000. Our debt services will go down based on our current bonds of \$68,000. FY21 and FY22 projects will be bonded in the spring of FY22 but there will be no impact on the FY22 budget since it will not take place until FY22. Our first payment will not take place until the following year, FY23. All these plusses and minuses equal the \$10 million reduction on the expenditure side.

Alderman Long asked do you know the cost breakout of the reduction of the three professional development days.

Ms. DeFrancis stated it's about \$500,000 for one-days' worth of salary and benefits or roughly \$1.5 million for the three days.

Alderman Long asked is the loan forgiveness only calculating \$400,000 and not the \$2 million+.

Ms. DeFrancis replied that is correct. Some of our key considerations include strengthening our elementary, middle and high schools by continuing redistricting. The budget recommendation includes moving the fifth graders to Southside in September. We will continue to deliver vital services to meet the academic, social, emotional and physical needs of our students while maintaining our current size while eliminating one-time expenditures from the operating budget. Any other one-time expenses that we purchase next year will be with one-time funds. We will continue to invest in technology, to improve infrastructure and increase

access to devices through one-time grant funds. We will utilize one-time funds to improve learning gaps created with COVID-19 pandemic and for one-time expenditures. We were able to improve our financial stability with prudent spending of one-time funds.

Chairman Beaudry asked Dr. Goldhardt can you elaborate on the utilization of one-time funds to improve the learning gap. I know we talked about some of the initiatives you might put in place.

Dr. John Goldhardt, School Superintendent, replied that would include summer learning. We will have a lot of summer enrichment that will happen. We have things going from the end of school until school starts and we will not turn anyone away. They will then have advanced support in reading instruction. We are also considering adding additional reading aides in our lower grades. This will be for kids having a difficult time learning to read. We are looking at buying additional curriculum materials in other content areas that are needed, including the support. We will use all of the money. It will take us a few years to climb out of the missing content the kids have lost. That is okay. We will meet them where they are. We will take advantage of the opportunity to help build them back up to where they need to be.

Alderman Long asked have the summer initiatives changed.

Dr. Goldhardt replied I will have someone send them out to you.

Alderman Terrio stated that the tax cap appears to be 1.87%. What is the increase in pay and benefits for the first year in our budget coming up?

Ms. DeFrancis asked do you mean individually.

Alderman Terrio stated yes. I see an increase of approximately \$6.4 million. What is that?

Ms. DeFrancis stated we are actually seeing a decrease in our salaries but probably not in benefits due to changes at the state. What you are seeing is a reduction of \$7.4 million to get to the tax cap. A big chunk of that is coming out of salary and benefits. That isn't a reduction or increase from last year numbers, just what we are reducing our line item by to get to the tax cap number.

Alderman Terrio asked are you reducing the line to get to the \$6.4 million.

Ms. DeFrancis replied correct.

Alderman Terrio asked what was the total school budget for the current school year.

Ms. DeFrancis replied \$183 million.

Alderman Terrio asked what is the proposed budget for next year.

Ms. DeFrancis replied \$180 million.

Alderman Terrio asked so \$180 million is the proposed tax cap.

Ms. DeFrancis replied no. The tax cap is \$173 million but the Board of School Committee also requested \$180 million which will keep the same programming and staffing. The reason it's lower is because of the one-time funds last year.

Alderman Terrio asked how many students in total have we lost between last year, this year, pre-COVID and now.

Dr. Goldhardt replied about 800.

Alderman Terrio asked that would be an approximate reduction of teachers, if you did 25:1 of 32 teachers. It looks like we are getting rid of approximately 22 teachers.

Dr. Goldhardt stated I think that number is close.

Alderman Terrio asked what is the total reduction in FTE's between retirements, layoffs, etc.

Dr. Goldhardt said it will be slightly higher than the given number of 15.8 when all is said and done.

Alderman Terrio stated based on numbers, we are losing 32 people but it's actually half of that. Do you think the other 16 were not necessary? What is the thinking behind that?

Dr. Goldhardt replied we are looking at total numbers not just how many have left the district. We are seeing an uptick in kindergarten registration which may lead to an increase. We are not complete yet and may have more reductions. We have tried to do it through attrition and not through pink slips. It's a better approach.

School Committee Member Want stated our numbers will fluctuate. We will have kindergarteners coming to our buildings that just didn't come this year due to COVID. This will certainly impact our numbers in a positive direction. I don't

really believe we are down 800 students. You cannot take the 800 number and simply divide. They may not come from the same school or same class. It isn't a pure math problem as you would like it to be. If you are down two kids in a physics classroom that doesn't mean you don't need a physics teacher. If you are down two kids in a fourth grade class room at Smyth Road School that doesn't mean you don't need that fourth grade teacher. It is more difficult than treating it as a pure math problem.

Chairman Boudreau interjected you are correct Ms. Want. If it is special ed it may be a one-on-one.

Alderman Terrio stated I do agree with you both that you can't do it that simply; it was just a ball park number.

Dr. Goldhardt stated most of the reductions we have put in place are on the secondary side and not in the elementary side. We have been more teacher heavy in the student to teacher ratio there.

Alderman Shaw stated on a more positive note, we fought very hard with DOE to put pressure on the federal government for free and reduced lunch, Title I and the rest of it would go back to the numbers we had in 2019. It is pretty much a done deal I hope. The assurance from the DOE was it would go back to those numbers. Both sides were in agreement that this is where the funding should be for this year due to the COVID changes that were made over the last year. I have my fingers crossed they will do that.

Alderman Long asked will this presentation be made to the whole Board of Mayor and Aldermen.

Dr. Goldhardt stated we will be presenting to the whole BMA but I have not been given a date yet.

Ms. DeFrancis stated the state is looking at giving us more adequacy funds than what we have in this budget presentation. We would then look to amend our request with the Board if it comes before the end of the process. If it comes later, then we would ask for an additional appropriation. This would allow us to accept those funds without having to use our one-time grant monies to support the operating budget.

Alderman Shaw asked is it possible for the Board to get a copy of this presentation.

Ms. DeFrancis replied yes. I will send it over to the City Clerk. We are a \$200 million organization including all of our grants and general funds. We bring in 27.1% on the revenue side from our adequate education grants, 55% from our state and local taxes, and about 10% from federal programs. On the expenditure side, our largest line is salary and benefits coming in at 73% of that total. Looking at the reduction considerations discussed earlier, we have to meet that tax cap number of \$173 million. We need to get \$7.4 million in reductions to do that. We are seeing an enrollment adjustment at both the elementary and high school level. In total that is about 15.8 positions towards a reduction. The dollar amounts that go along with that are available. We have also asked for forgiveness of the loan from the aldermen of \$400,000 for next year. The total of what we owed was \$2.8 million so we want to thank the aldermen for that. This helps us come closer to the \$7.4 million reduction. We will be moving 5th grade to Southside as part of our redistricting plan. We will actually have to add staff, done mostly through transfers but will also add 8.5 new staff positions costing around \$445,000. As our enrollment continues to decline and our buildings continue to age, our

recommendation would be to close Hallsville. A conservative estimate in savings would be \$500,000 which would include staffing at the administration level, utilities and city services (Aramark, facilities and the nurse). We have looked at the closing of wings, floors and other buildings at our high school level. This comes to a conservative amount of around \$200,000 consisting of the same city services. That brings us down another \$200,000. However we need to get to \$7.4 million. We recommend using \$5.5 million from our CARES Act grants which has to be related to COVID or COVID related issues. The way it is written, it says we could continue to employ existing staff. We will have to move that staff into the grant and this will be a one-time movement. Next year if we want to keep that staff we will have to come up with \$5.5 million. We typically would not recommend using one-time funds, especially to this extent of \$5.5 million. However, our free and reduced numbers will be up next year when the kids return to school and we are no longer offering the universal free so we would expect our revenues for next year will be higher. We are recommending one-time funds because we believe that a big portion of it will be a one-time problem. If we do receive higher revenues next year, we will be in a similar situation to what we had this year where the aldermen are going to have to appropriate those extra dollars. I believe the problem the aldermen had this year was that the tax cap is on both the revenue and expenditure sides. In order to give us the \$3.5 million they would have to override the tax cap on the expenditure side. The revenues were there to support so it would not increase the taxes that we collect from the taxpayers. If our adequacy aid is higher because of increases to the free and reduced numbers in the school district, then the aldermen will have to appropriate thus needing a tax cap override.

Chairman Beaudry stated the utilization of the one-time \$5.5 million into salaries and operating costs will put the district in a bind if we don't make up that money in FY23. I know it's a year down the road but we need to be prepared for it.

Alderman Long asked so the \$5.5 million gets reduced if you get more revenue than anticipated or what is in this presentation.

Ms. DeFrancis replied that is correct.

Alderman Long stated let's stick with today and not anticipate whatever bonus funds may come in in the future.

Ms. DeFrancis stated we will look at the summary of the line item budget under the \$180 million and how we would spend that within the line items. The next column shows the recommended changes. The \$7.4 million line items being reduced bringing us down to our final tax cap budget of \$173 million. Next up is the grants we have received. The CARES Act has given us our second allocation of \$26 million. You will see a list of how we plan to spend that. Keep in mind this is a fluid document and changes are expected throughout the year. At this point in time, this is what we plan on doing. These funds need to be spent by September 2023. We will support our current operating costs to the extent of \$5.5 million to keep our existing staff employed. We haven't had the final resolution on Title I but if the grant gets reduced, in order to keep those programs we will need to utilize some of this grant money to supplement the Title I funds to the extent of about \$2 million. Title I is based on the free and reduced lunch allocation. We are looking at technology advancements for infrastructure and teaching at \$3.5 million. We are looking at adding back the three professional development days that we took out of next year's budget. We added three professional days in our current year with the one-time funds since we were not getting those again but we took them out. We were planning on adding those three days back with some of the \$26 million. We are looking at compensatory education at a cost of \$2 million for special education support. As the

superintendent talked about, we are looking at summer enrichment programs, literacy and math interventions, curriculum adoption and software credit recovery. This will help improve the learning gaps that were created during COVID. Our final item would be the construction for McLaughlin and Hillside for the redistricting of grades 5-8. Some of these items may change. We are looking at other facilities for related projects that we want to do. We are working with Facilities as well as some consultants. We are looking at schools that need upgrades such as air ventilation systems. You will probably see a reduction with some of these line items to help with that. In accordance with our contract with the MTA, we have to purchase five buses. They will be retiring 12-year-old buses and replacing with propane buses. Deferred maintenance from Facilities is about \$3 million to get buildings to where they need to be. Deferred maintenance with Parks and Rec includes parking lots, playgrounds, and landscaping and will cost about \$4.7 million with an estimated annual debt of \$428,000. These projects will not impact the FY22 budget because they won't be bonded until the end of FY22. Our first payment will be due in FY23. The Board of School Committee took action on some of the following items which we are now requesting the aldermen take action on. \$173 million is our tax cap compliant budget, our fully funded budget is \$180.5 million, our food service budget is \$5.7 million, CIP is about \$4.7 million and then you have our request for the forgiveness of the textbook loan.

Dr. Goldhardt stated we have accomplished a lot this year despite COVID. On the teaching side we have implemented a new math program in K-8. We were able to purchase a new reading program; the first comprehensive reading program the district has purchased in 15 years. It is currently being piloted and the teachers are learning it. It will be fully implemented next year for our students. It is a very focused program based on the science of reading and based on the phonetics and scientific base. We were able to add some network directors which has been very

helpful in developing our principals. It is also helping our principals in their leadership role of learning. We will be transitioning towards Competency Based Education throughout the district, especially in our secondary schools where we are focusing less on time and more on competencies with the ability to demonstrate them. We are implementing Kagan learning district wide where we have these engagement strategies everywhere. This will be especially helpful as we bring all of our students back full-time. Our Technology Department has done an extraordinary amount of work in a short amount of time during a very difficult period of time. We will continue to improve the infrastructure. The infrastructure has been very dated in our district for technology. Steve Cross has led us in a great direction. The more ESSR funds we get, the more we will update our infrastructure so that we will have even better Wi-Fi service in our schools and can continue to use technology as a learning tool and have that 1:1 device for our students. We never thought we would be in that position. The expendable trust fund has been expanded. We were down to \$300,000 and have been trying to keep that at a higher rate to be safer. We have added to that trust fund. Having Andrew Poland on board has been a godsend in helping with communication with families. Using Google Messenger has helped us get more messages out resulting in better communication with our families. We want to better at it and are in the beginning stages. We have multiple partnerships with organizations within the community and are grateful for them. They help our students, our families and I really appreciate them. We were given a lot of compliments from our consultants in regards to what we did with COVID in keeping our buildings safe. In the next round of funds coming from the federal government, I am planning on replacing every air handler in the district. Most of them have a maximum life expectancy of 18 years. Many of ours are 20-25 years old. While we have the funds, we will take advantage of that to get better air in our schools. They will have UV systems that will kill off not only viruses but bacteria, pollen and mold. Our buildings will be cleaner and safer for all who are there. Mary Steady has been notified once

again about our excellent compliance and expectations with the Special Education system. Many of our students and parents had a very difficult during the pandemic. We will continue to be better there. We have had improvements with our student achievements but not enough. From my point of view, we want better and we expect better. We want our students to have a higher level of achievement.

*There being no further business, **Alderman Long** moved to adjourn. **Alderman Shaw** duly seconded the motion. Chairman Beaudry called for a vote. The motion carried on a unanimous roll call vote.*

A True Record. Attest.

A handwritten signature in black ink, appearing to read "Matthew Normand". The signature is fluid and cursive, with a long horizontal stroke at the end.

Clerk of Committee



Strengthening Our Schools Budget Overview 2021-2022



Board of School Committee Approved
February 17, 2021

The projections in the attached presentation may change as we continue through the budget process

Superintendent's Vision

Vision is Based on Two Principles:

- § Raise the Bar – Lower the Barrier
- § Excellence & Equity

My Vision for MSD – Aligns with Manchester Proud Strategic Plan

- § 100% Graduation Rate
- § All Students Reading on Grade Level by 3rd Grade
- § Increase Enrollment by Students of Color and Students from Poverty in AP and College Concurrent Enrollment Courses by at least 25%, and increase overall enrollment by at least 15%
- § Inclusion is the Norm
- § Culture of Innovation and Improvement

Mission and Promise

Mission of Manchester School District

Excellence and Equity – Every Classroom – Everyday

Promise of Manchester School District

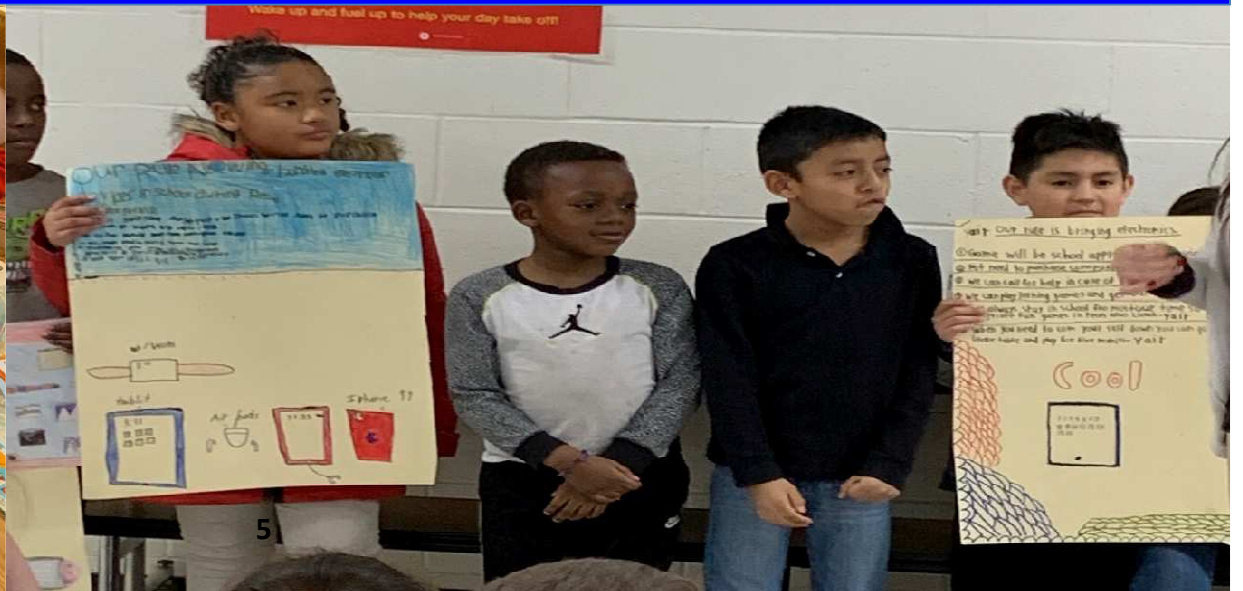
Every student in Manchester is known by name, served by strength and need, and graduates ready for college, career, and community.

Number of Students

This budget supports 12,737 Manchester School District students in addition to services at Charter and Parochial Schools



2021-22 Budget Forecast and Suggested Actions



Tax Cap Calculation

TAX CAP BUDGET FISCAL YEAR 2022

TAX CAP CALCULATION

3-Year Average CPI-Urban:

2018	1.9%
2019	2.3%
2020	1.4%
	<u>5.6%</u>
	<u>3</u>
FY22 Tax Cap	<u>1.87%</u>

FY22 APPROPRIATION CALCULATION

Tax Cap on School District Tax Revenue

Fiscal Year 2021 Appropriation		\$ 183,052,004	
1.87% Increase in Tax Revenue of \$108,486,454	2,028,697		
Decrease in Other Revenues	<u>(11,969,015)</u>		(Includes one-time State Funds of \$6,748,544)
Net Decrease to Expenditures		(9,940,318)	
Fiscal Year 2022 Tax Cap Revenue Budget		<u>\$ 173,111,686</u>	

Tax Cap on Expenditures

Fiscal Year 2021 Appropriation	\$ 183,052,004
1.87% Expenditure Tax Cap Increase	<u>3,423,072</u>
Fiscal Year 2022 Tax Cap Expenditure Budget	<u>\$ 186,475,076</u>

FY22 Expenditure Analysis

FY21 Appropriation	\$ 183,052,004
Less: Use of One Time Funds	(6,748,544)
Revised Operating Budget FY21	<u>176,303,460</u>
FY22 NH Retirement System Increase	2,592,328
All Other Increases (contracts, etc.)	1,572,144
FY22 Expenditure Budget (with current staffing & programming)	<u>180,467,932</u>
FY22 Revenue (with 1.87% Tax Cap)	173,111,686
FY22 Budget Shortfall	<u><u>\$ (7,356,246)</u></u>

Shortfall consists of the following:

NH Retirement System Increase	\$2.6 mil
Adequacy Aid reduction for fewer students	1.2 mil
Adequacy Aid reduction for lower free & reduced data	<u>4.0 mil</u>
Subtotal	\$7.8 mil
Reduced by a portion of the tax cap increase	<u>.4 mil</u>
FY22 Budget Shortfall	<u><u>\$7.4 mil</u></u>

2021-22 Key Financial Assumptions

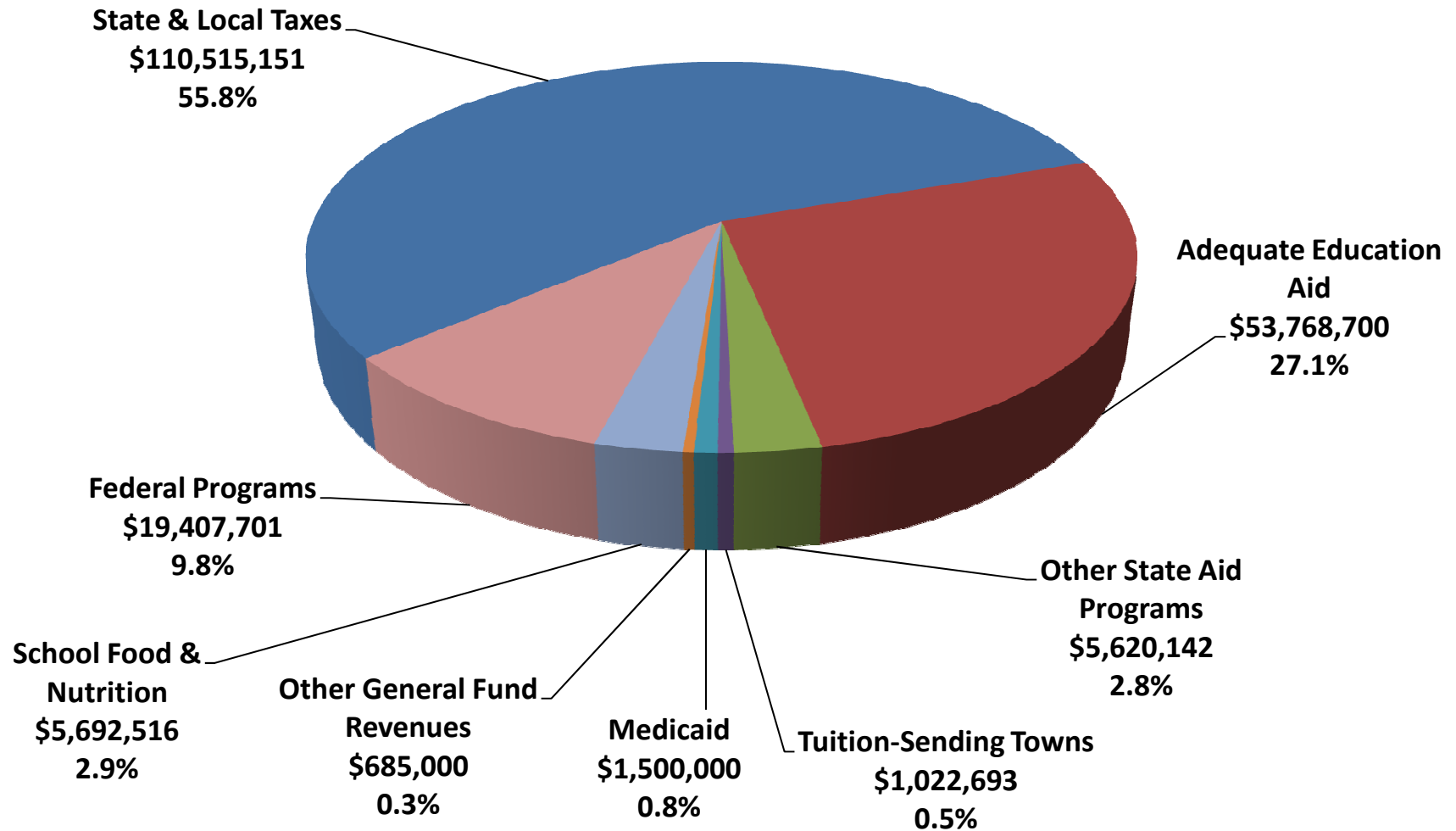
Revenue	-\$10 mil	Expenses	-\$10 mil
<u>State Aid</u>		<u>Salaries and Benefits</u>	
Adequacy Aid	-\$12 mil	Salaries	-\$1.3 mil
\$6.8 mil FY21 one-time revenue eliminated		Current staff, retirements replaced, COLA's for CBA's,	
\$1.2 mil reducing due to fewer students		Reduction of 3 teacher PD days per CBA	
\$4.0 mil Differentiated Aid reduction due to lower free and reduced count			
Building Aid	+135k	<u>Benefits</u>	
		Health Insurance	-\$740k
		No rate increase, reduction for CBA's & fewer enrolled	
		Retirement	
		Increase in State rates	+\$2.6 mil
		5% projected for City rates	+\$145k
		FICA/Retirement on salary reduction	-\$503k
		All other benefits	-\$491k
<u>Tuition from Sending Towns</u>		<u>Special Education</u>	
Operating Tuition - Sending Towns	-\$477k	Professional & Technical (hired staff)	-\$1.0 mil
Capital Tuition – Candia	-\$101k		
<u>Other Revenues</u>		<u>City Services</u>	
Impact Fees	+\$200k	1.87% Increase, reduction for crossing guards	-\$77k
Medicaid	+\$200k	<u>Supplies, Books & Equipment</u> (reduction for FY21 one-time)	-\$1.5 mil
All Other	+\$43k	<u>Transportation</u> (MTA)	+\$282k
<u>Tax Revenue</u>		<u>Debt Service</u>	-\$68k
1.87% Tax Cap Increase	+\$2 mil	FY21 & FY22 projects will be bonded Spring 2022	
		No Impact on FY22 Budget	
		Reductions to Meet Tax Cap	-\$7.4 mil

2021-22 Budget Planning – Key Considerations

- Strengthen our elementary, middle and high schools by continuing the redistricting plan
- Continue to deliver vital services to meet the academic, social, emotional and physical needs of our students while maintaining current class size
- Eliminated one-time expenditures from operating budget
- Continue to invest in technology to improve infrastructure and increase access to devices through one-time grant funds
- Utilizing one-time funds to improve learning gaps created with the COVID-19 pandemic and for one-time expenditures
- Improving our financial stability with prudent spending of one-time funds

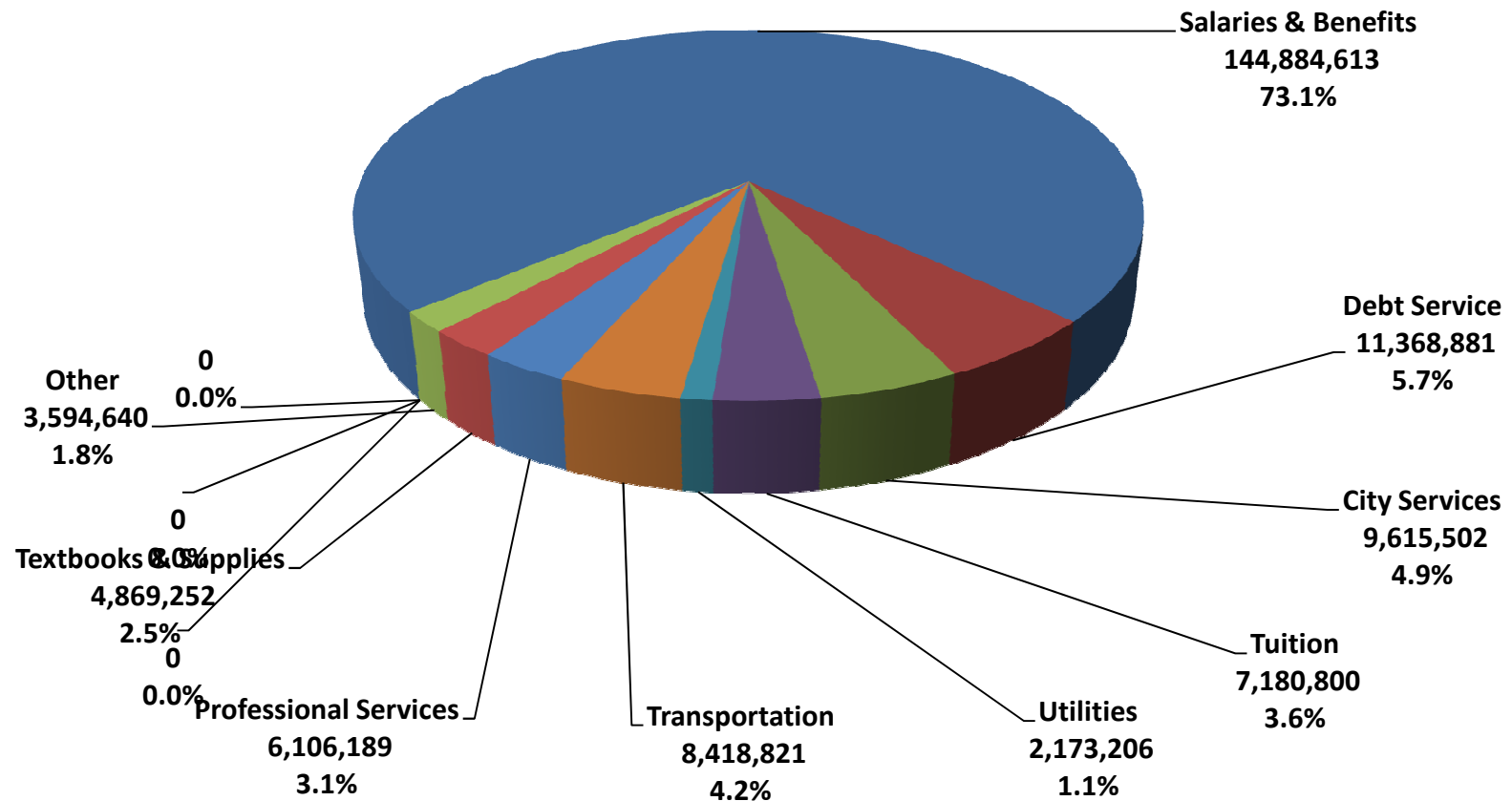
2021-22 Revenue Projections

Total Revenue: \$198,211,904



2021-22 Expenditure Projections

Total Expenditures: \$198,211,904



Reduction Considerations to Meet Tax Cap

		<u>FTE</u>	<u>Budgeted</u> <u>Salary</u>	<u>Benefits</u>	<u>Utilities</u>	<u>City</u> <u>Services</u>	<u>Debt</u> <u>Service</u>	<u>Total</u>	
Enrollment Adjustment:									
	Elementary Staffing	(8.0)	(274,104)	(144,727)				(418,831)	
	High School Staffing	(13.8)	(499,048)	(263,497)				(762,545)	
Request Forgiveness of Loan from BMA:									
	Textbook Loan (\$2.8 mil balance)						(400,000)	(400,000)	
5th Grade Move to Southside:									
	Staffing	8.5	291,753	154,046				445,799	(a)
Closing of Hallsville:									
	Staffing	(2.5)	(159,855)	(62,697)				(222,552)	
	Utilities				(50,267)			(50,267)	
	City Services					(237,648)		(237,648)	
Closing of Wings/Floors/Buildings at High Schools:									
	Utilities				(125,000)			(125,000)	
	City Services					(125,000)		(125,000)	
	Subtotal		(641,254)	(316,876)	(175,267)	(362,648)	(400,000)	(1,896,045)	
Use of One Time Funds:									
	ESSER II (CARES Grant)		(3,573,431)	(1,886,771)				(5,460,202)	(b)
	Total Reductions	(15.8)	(4,214,685)	(2,203,647)	(175,267)	(362,648)	(400,000)	(7,356,246)	
(a)	Objective is to transfer from current staff vs. adding new hires								
(b)	Additional reduction considerations through attrition, potential additional State funding for Adequacy and/or use of grant funds as one-time funds. The School District has been allocated one-time funds of \$26 mil under the Elementary and Secondary School Emergency Relief Fund II (ESSER II).								
	One-time funding sources will require those funds to be made up in the FY23 Budget. Revenues are expected to be higher in FY23 as the Free & Reduced applications are expected to be higher, however additional revenues may require a tax cap override on the expenditure side, similar to the concern during the FY21 budget process.								

2021-22 Line Item Budget

Object	Account Name	Current Staffing & Programming	Recommended Changes	FY22 Tax Cap Budget
100	Salaries	\$ 87,014,189	\$ (4,214,685)	\$ 82,799,504
200	Employee Benefits	45,980,196	(2,203,647)	43,776,549
240	Tuition and Staff Development	345,000		345,000
300	Professional and Technical Services	5,000,000		5,000,000
430	Repairs and Maintenance	575,807		575,807
441	Rental of Land and Buildings	10,000		10,000
442	Rental of Equipment	77,400		77,400
510	Transportation • Regular Education	3,499,467		3,499,467
513	Transportation • Student Services	4,600,000		4,600,000
520	Insurance	400,000		400,000
531	Telephone	85,000		85,000
534	Postage	46,000		46,000
540	Advertising	6,000		6,000
550	Printing & Binding	35,000		35,000
560	Tuition	7,180,800		7,180,800
580	Travel	24,000		24,000
610	General Supplies	785,885		785,885
620	Utilities	2,285,673	(175,267)	2,110,406
640	Books and Information Resources	532,978		532,978
730	Equipment	87,500		87,500
733	Furniture & Fixtures	25,000		25,000
810	Dues and Fees	88,006		88,006
850	City Services	9,928,150	(362,648)	9,565,502
892	Graduation	12,000		12,000
893	Community Partnerships	75,000		75,000
910	Debt Service	11,768,881	(400,000)	11,368,881
General Fund Total		\$ 180,467,932	\$ (7,356,246)	\$ 173,111,686

Potential Use of New Grant Funds

Support current operating costs	\$5.5 mil
Title I (reduction due to free and reduced counts)	2.0 mil
Technology advancements (infrastructure, teaching)	3.5 mil
3 Additional professional development days	1.7 mil
Compensatory Education	2.0 mil
Summer enrichment programs	.5 mil
Literacy & math interventions	3.0 mil
Curriculum adoption	4.5 mil
Software and Credit Recovery	1.7 mil
Construction for McLaughlin & Hillside - Redistricting 5-8	1.6 mil

\$26 mil

Recommended FY22 CIP Projects

<u>Project</u>	<u>Estimated Cost</u>	<u>Estimated Annual Debt</u>
Purchase 5 Buses	\$ 575,000	\$ 92,000
Deferred Maintenance Program-Facilities	3,000,000	240,000
Deferred Maintenance Program-P&R	250,000	20,000
School Parking Lot Rehabilitation-P&R	500,000	40,000
Playground Replacement-P&R	300,000	24,000
Landscaping-P&R	150,000	12,000
	<u>\$ 4,775,000</u>	<u>\$ 428,000</u>

Note: The \$1.6 mil construction to continue the redistricting plan at McLaughlin and Hillside is being recommended from the \$26 mil ESSER II grant.

FY22 Budget Action Required

Forward the following actions to the Mayor and Board of Mayor and Aldermen for approval:

- **Tax Cap Compliant Budget** **\$173,111,686**
- **Fully Funded Budget** **\$180,467,932**
- **School Food & Nutrition Budget** **\$ 5,692,516**
- **Capital Improvement Projects** **\$ 4,775,000**
- **Request for Forgiveness of Textbook Loan** **\$ 2,800,000**

Together We Have Accomplished Much



Committed to Supporting Schools and Students



Teaching and Learning

- Implemented Ready Math K-8
- Piloted Amplify Reading K-8
- Closing the achievement gap
- Hired 3 Network Directors
- Transitioned to Competency Based Education (CBE)
- High quality professional development including Kagan competency and remote based teaching

Transportation

Established a HUB model with MTA achieving a cost savings

Technology

- Continued to make advancements in 1:1 devices
- Infrastructure improvements

Food and Nutrition Services

- Food deliveries to families during remote status
- Opened a full-service kitchen at Bakersville Elementary School

Fiscal

Increased expendable trust reserves



Committed to Supporting Schools and Students

Family Communications

Continued to expand the district wide use of School Messenger for family communications and expanded multilingual family communication

Community Support and Partnerships

- Manchester Health Department
- Aramark and Facilities Department COVID response team (with Health/District)
- Barr grant for planning for post secondary success for all students
- Gear Up grant to create a college going culture
- Nellie Mae grant for equity
- Fuel Our Families partnership with SNHU, Granite YMCA, Granite United Way and the District
- Local colleges and universities are participating in our classrooms to enhance educational experience
- Manchester Boys and Girls Club are serving students with a strong focus on attendance, academic success and behavior
- Granite YMCA Community Partnership award
- YMCA & MPAL supporting students in remote learning
- YMCA Power Scholars
- United Way Leader in Me and Middle School Initiative
- City Year at 8 Elementary schools and Parkside
- Manchester Proud
- 60+ Community Partner groups invested in supporting our students and families



Committed to Supporting Schools and Students

School Safety

- Ventilation, PPE, protocols for navigating COVID-19
- District COVID-19 response team and plans
- Established points of contact for each school – Facilities & Health
- We continue to provide a unified and systematic professional development plan to equip and empower our school community

Support for English Learners

- As our English Learners population continues to grow, we provide explicit language interventions to support our learners with reading and math intervention supports
- Provide enrichment and extracurricular opportunities through our community partnerships

Special Education

- Over 97% compliant with initial evaluations
- Delivering weekly training for special education on Wednesdays
- Our middle schools participating in co-teaching model training
- ESY was successfully delivered in partnership with SNHU

Student Achievement

Manchester's graduates are consistently accepted to prestigious colleges and universities





Budget Discussion